

Recommendation 3: Improve Communities' Access to More Open Markets

The domestic market for timber and the international market for medicinal plants, aromatic oils, and other forest products is growing rapidly. To enable communities to capitalize on these opportunities as low cost producers, they need better access to more open and unregulated markets.

Current Situation

Some states still monopolize the marketing of forest products: The marketing of kendu leaves (used for rolling bidis or country cigarettes) is still usually led by large government corporations. Villagers are little more than collectors, with no bargaining power and little incentive to improve the quality of leaves they collect.

Others states rely more on the private sector, but forest departments still play a significant role: The marketing of patchouli aromatic oils, for example, in the state of Assam is led by the private sector with the forest department serving as facilitator. In Andhra Pradesh, community associations are able to work closely with the private sector, with support from the forest department.

Communities rarely market timber, the most valuable forest product: Timber harvesting and marketing, especially for the most profitable species, is still carried out through state monopolies which are often protected from competition. Communities provide labor and ostensibly receive a portion of net revenues through a complex and rather opaque benefit-sharing scheme.



Recommendations

1. Strengthen community cooperatives and federations. Strong local institutions need to be in place if community members are to benefit equitably from more commercialized forestry. Marketing more valuable products such as teak raises the risk of greater corruption, exploitation from private buyers, and capture of income by local elites.

2. Gradually give communities more choice over marketing channels. As local capacities are strengthened, communities could be given the option of direct marketing of their own timber as a powerful incentive to maintain greater responsibilities and invest in long-term forest management.

3. Consider reducing the forest department's marketing role over time as communities gain capacity and experience. Forest departments should consider playing a more supportive, facilitating role with communities to help them market their products directly to the private sector.

4. Partnerships with the private sector are a key to success. There are numerous win-win examples from agriculture such as contract marketing and buy-back arrangements.

5. Complement forest development in remote areas with better infrastructure. The distance to urban markets and the condition of access roads will impact the success or otherwise of community forestry. More remote forest communities may require government support through minimum floor prices for forest products, and programs to broaden the livelihood base.



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